

CLAIMS

1. A method for stock option trading comprising:
receiving an option order at a market;
contemporaneously receiving a copy of the option order at an electronic drop (EDrop) system;
obtaining a potential cross quantity and a potential cross price based on the option order at the EDrop system; and
submitting a contra-order based on the option order through the EDrop system to the market for fulfillment, wherein the contra-order specifies at least one of an underlying security potential cross quantity, and the potential cross price.
2. The method of claim 1, wherein receiving comprises receiving an option order selected from the group of option orders consisting of buy calls, sell calls, buy puts, and sell puts.
3. The method of claim 2, wherein submitting comprises submitting a sell call when the option order is a buy call option order, and submitting a buy call when the option order is a sell call option order.
4. The method of claim 3, wherein submitting comprises submitting a sell put when the option order is a buy put option order, and submitting a buy put when the option order is a sell put option order.

5. The method of claim 1, wherein receiving comprises receiving the option order from an order flow provider that contemporaneously submits the copy of the option order to the EDrop system.

6. The method of claim 1, further comprising the step of translating the option order from an order flow provider format into an internal trading system format, and wherein submitting comprises submitting the contra-order in a market format.

7. The method of claim 6, wherein receiving further comprises receiving an additional option order from an additional order flow provider, and further comprising translating the additional option order from an additional order flow provider format into the internal trading system format.

8. The method of claim 1, further comprising displaying at least an underlying security, an option quantity, at least one of an option bid price and option ask price, and an ask price at a trader terminal, and monitoring the trader terminal for a submit indicator.

9. The method of claim 8, wherein displaying further comprises displaying underlying security bid and ask prices at the market.

10. The method of claim 9, wherein displaying further comprises displaying risk management variables.

11. The method of claim 1, further comprising the step of applying a filter to the option order before determining the potential cross quantity.

12. The method of claim 11, further comprising storing the option order in a filtered database when the option order passes the filter.

13. The method of claim 1, further comprising storing the option order in an unfiltered database.

14. A system for trading stock options, comprising:
an order flow provider for generating an option order having a contract identifier, underlying security, strike price, and expiry;
a market in communication with the order flow provider through a network, the market receiving the option order from the order flow provider; and
an electronic drop (EDrop) system connected to the order flow provider, the EDrop system receiving a copy of the option order at substantially the same time as the market receives the option order from the order flow provider, wherein a potential cross quantity and a potential cross price based on the option order is obtained at the EDrop system, and wherein the EDrop system submits a contra-order based on the option order to the market for fulfillment, the contra-order specifying contract elements including the contract identifier, expiry, underlying security potential cross quantity, and the potential cross price.

15. The system of claim 14, wherein the contra-order is a (i) sell call when the option order is a buy call option order, (ii) a buy call when the option order is a sell call option order, (iii) a sell put when the option order is a buy put option order, and (iv) a buy put when the option order is a sell put option order.

16. The system of claim 14, further comprising at least one trader terminal, wherein the data regarding at least one of the option order and the contra-order is displayed on said trader terminal.

17. A system for trading stock options, comprising:
an order flow provider for generating an option order having a contract identifier, underlying security, strike price, and expiry;
a market in communication with the order flow provider through a network, the market receiving the option order from the order flow provider; and
an electronic drop (EDrop) system connected to the order flow provider, the EDrop system receiving a copy of the option order at substantially the same time as the market receives the option order from the order flow provider, wherein the EDrop system submits a contra-order based on the option order to the market for fulfillment, the contra-order specifying contract elements, at least some of which are based on the option order.

18. The system of claim 17, wherein the contra-order is a (i) sell call when the option order is a buy call option order, (ii) a buy call when the option order is a sell call

option order, (iii) a sell put when the option order is a buy put option order, and (iv) a buy put when the option order is a sell put option order.

19. The system of claim 17, further comprising at least one trader terminal, wherein the data regarding at least one of the option order and the contra-order is displayed on said trader terminal.